

**Idaho Department of Lands Oil and Gas Lease Stipulations for 19Oct2016 Public Auction  
BONNEVILLE COUNTY**

Township	Range	Section	Legal Description	County	Acres	TRACT #	Lease Stipulations
03S	43E	16	ALL	Bonneville	640.00	16A001	1, 2, 3, 10, 11
03S	43E	36	ALL	Bonneville	640.00	16A002	3, 10, 11 14

**Compliance with Laws.** Lessee shall comply with all applicable State, Federal, and local laws, rules, regulations, ordinances and executive orders during the term of this Lease.

**1. Split Estate.** Lessor is not the surface owner of Leased Premises; therefore, Lessee shall comply with the requirements of all applicable laws and rules, including IDAPA 20.07.02.110 which requires that the operator shall, in good faith, attempt to negotiate a surface use agreement with the surface owner. The operator shall place facilities so that they will interfere as little as reasonably possible with the surface owner's existing surface use. Due to some existing surface uses (such as center pivots, wheel lines) development on the Leased Premises may be restricted. Lessee shall reclaim the Leased Premises disturbed by its exploring, developing, mining, drilling, producing and other operations or activities in compliance with the requirements of all applicable laws and rules, including IDAPA 27.07.02.510.

**2. Unstable Slope or Soil.** All or portions of surface use on Leased Premises may be restricted or denied because all or portions of Leased Premises contain a slope of 25% or steeper, or all or portions of Leased Premises contain clay-rich soil. Steep slopes and clay-rich soils have moderate to high potential for soil erosion, soil compaction, and water runoff, particularly when impacted by ground-disturbing activities. Therefore, all surface activities proposed on Leased Premises shall require Lessee to submit an operating plan to Lessor, which may include special design, construction, and implementation measures to prevent or minimize soil erosion, soil compaction, and water runoff, and how disturbed sites shall be reclaimed. Seismic imaging surveys may be restricted to a controlled seismic point-source of energy, such as dynamite, versus a truck-mounted seismic vibrator.

**3. Fire Prevention.** Prior to entry onto Leased Premises, Lessee shall implement a fire prevention and emergency response plan that covers all aspects of site visits, exploration activities, or operations. The plan will include coordination with local jurisdictions, such as the cities, counties, landowners, Idaho Department of Lands, Rangeland Fire Protection Associations, and Federal land agencies. The plan will also include: emergency contact numbers and information, such as 911 and local fire dispatch centers; fire prevention and safety procedures; designation of adequate firefighting equipment to be present at all locations during all phases of field operations; evacuation routes and procedures; designation of a safety meeting place; and equipment emergency shutdown procedures.

**10. Controlled Surface Use Due to One or More of the Following Water Resources: Floodplain, Riparian - Wetland Area, Intermittent and Perennial Streams, Standing or Slow-Moving Bodies of Water, Human-Made Channels for Water.** No new surface disturbance (excluding fence lines) shall be allowed on the Leased Premises within the 100-year floodplain or 100 meters (330 feet) on either side from the centerline, whichever is greater, along the following water resources: riparian - wetland areas; intermittent and perennial streams; standing or slow-moving bodies of water; and human-made channels for water. Lessor may authorize an exception if there are no practical alternatives. Lessor may also authorize an exception if Lessee can demonstrate: (a) that the surface-disturbing activity would cause only negligible impacts to the water resource or its use for which this stipulation was designated to protect; or (b) that the surface-disturbing activity would

improve the protected water resource or its use as defined by scientifically-defensible objectives, standards, or conditions.

**11. Location Surveys.** If Lessee completes a proved, developed, and producing well, and if either the mineral estate of land title is disputed by Lessor, or if the location of the producing interval is disputed by Lessor, then Lessee must fund appropriate location surveys, including, but not limited to: (a) Legal Boundary Land Survey and (b) Producing Interval Location Survey.

(a) A Legal Boundary Land Survey must determine the location and acreage encompassed by the drill spacing unit or pooling unit along with the state lease acreage within either of such units. The survey must be conducted by an Idaho- licensed Professional Land Surveyor acceptable to Lessor, and must be prepared pursuant to survey requirements provided by Lessor. Surveyors must conduct surveys in accordance with all applicable jurisdictional requirements and professional standards of practice. Boundary lines and corners of any portion of the Leased Premises being surveyed must be established or retraced in accordance with appropriate boundary law principles governed by the set of facts and evidence found in the course of performing the research and survey. All data gathered by Lessee must be presented to Lessor in a format compatible to Lessor's software.

(b) A Producing Interval Location Survey must determine the location of the producing interval of the well borehole. Lessee must determine the three-dimensional coordinate location of the: (i) top of the producing interval by its magnetic azimuth recorded in degrees of latitude, degrees of longitude, and true vertical depth in feet; and, (ii) bottom of the producing interval by its magnetic azimuth recorded in degrees of latitude, degrees of longitude, and true vertical depth in feet. The location data must be measured via borehole logging tools either in drill string assembly (measured while drilling) or lowered into wellbore after well is drilled (gyroscopic survey), or by another method approved by Lessor. Lessee must provide to Lessor the producing interval location projected onto a surface map that also shows the well surface location, the Leased Premises boundaries, and distances to boundaries. At Lessor's discretion, Lessee must provide additional directional survey information, accuracy requirements, and reported data.

**14. Archaeological and Vertebrate Paleontological Resources.** Lessee shall monitor for archaeological and vertebrate paleontological resources during all ground-disturbing activities on the Leased Premises. If any archaeological resources are encountered during all ground-disturbing activities on the Leased Premises, then Lessee shall cease all ground-disturbing activities that may adversely impact the discovered artifacts or other potential artifacts at the discovery site until a qualified archaeologist is consulted and Lessor approves of further activities. If any vertebrate paleontological resources are encountered during all ground- disturbing activities on the Leased Premises, then Lessee shall cease all ground-disturbing activities that may adversely impact the discovered fossil or other potential fossils at the discovery site until a qualified paleontologist is consulted and Lessor approves of further activities. Lessee shall also notify Lessor within 48 hours of any archaeological or vertebrate paleontological resource discoveries on the Leased Premises.